

Sent: Monday, March 10, 2014 12:17 PM

Subject: Williams' Comments on draft EPIC Study

While the draft report provides a great deal of important information, Williams has identified a number of serious flaws in the assumptions and data used, some of which apply across the gas pipeline industry and some of which are specific to the Transco pipeline. Until these errors are corrected, Williams cannot endorse or substantiate the draft as written. To that end, Williams provides the following specific examples of its concerns. We look forward to working with all the parties involved to correct these errors and produce a report that relies on accurate assumptions and data and will inform our industries and policymakers on these important issues. Williams will continue to review the report and work with other industry participants to refine this effort.

Critical Errors Include:

- (1) Scheduling Priorities – Section 2.1.3: Once nominations utilizing secondary capacity are confirmed, based on FERC policy, they are considered on par with primary capacity for the remaining nomination cycles for that gas day. Not all pipelines sell primary point rights. Specifically Transco sells primary rights along the contract path and shippers have the flexibility to use any receipt or delivery point within the path and within the entitlements to be used without amending the contract.
- (2) Delivery Flexibility, Balancing & Penalties – Section 2.2.1: Balances can occur at receipt points in addition to delivery points. These balances can either be the difference between the allocated receipt and allocated delivery and reside with a shipper, or be the difference between scheduled and measured at a point(s) and the balance therefore resides with an OBA party.
- (3) Operational Balancing Agreements – Section 2.2.2: OBA agreements are between the TSP and the point operator of either a receipt or delivery point and this point operator may or may not be a shipper. OBA's are typically the difference between the measured quantity at a receipt or delivery point and the aggregate scheduled quantity for all shipper's receiving or delivering gas at that point. This protects shipper's from incurring an imbalance.
- (4) Executive Summary Scheduling Priorities, Capacity Release – Section 2.2.3, Capacity Release & Secondary Markets – Section 4: Either primary firm rights and/or secondary firm rights can be released via capacity release. The capacity obtained by an assignee receives the same priority as originally held by the assignor.
- (5) Capacity Release & Secondary Markets New York – Section 4.4: Transco cannot validate the data in this section and would like to discuss with Levitan. In addition, the data submitted by Transco to Levitan was for the period October, 2012 to September, 2013 yet the report specifies September, 2012 to August, 2013.

A variety of other recommended changes are included in the attached document.